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June 7, 2005

Mr. Brad H. Bearnson
ICON HEALTH & FITNESS
1500 South 1000 West
Logan, Utah 84321

Re: **Peyton Ruud, et al. vs. Sears, Roebuck & Co.,**
Icon Health & Fitness, Inc., et al.
Circuit Court of Montgomery County, Alabama

Dear Brad:

Enclosed herewith is a copy of a civil action which I have filed on behalf of Peyton and Tatum Ruud since the statute of limitations date is drawing near. As I discussed with you prior to your settlement offer letter, it would be our preference to settle the case by compromise without suit. Therefore, even though I have had to file this suit to protect the statute, please know that we are still open to settlement negotiations and this case can be settled.

By letter dated May 9, 2005, you extended an offer of \$15,000, which I have discussed with Tatum Ruud and that offer is declined. We are willing to settle the case for \$165,000 at this time. I will also tell you that this counter offer is not firm; rather, is subject to negotiation. I believe that we could find common ground and get the case settled and, for that reason, this will serve to confirm that even though suit has been filed, you may consider this letter an unlimited extension for filing a response to the lawsuit until we have a chance to further explore settlement. If we do get the case settled, then both sides have avoided some expense. If we cannot get the case settled, I will agree to notify you in writing that I believe a settlement cannot be reached and, at that time, I agree for you to have 30 days to employ defense counsel.

Mr. Brad H. Bearnson
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Since we have not worked together before, I have enclosed a copy of my firm brochure.¹ As you will note from the brochure, the thrust of my practice is defense work for insurance companies and corporations which I did as a member of a large firm in Montgomery. After 26 years, however, I left that firm in January, 2005 and founded my own firm where I continue in the same litigation practice, however, now approximately one-third of my work is by association with other firms representing plaintiffs. I provide the foregoing information to you with hopes of making the point that I do share a common interest with you in getting the case settled if we can find common ground.

Yours truly,



David E. Allred

DEA/bgf
Enclosures

¹Please know that the photograph in the brochure looks a lot better than I actually do in person, in case we ever meet.